

9/23/77 [1]

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THE PRESIDENT'S SCHEDULE

Friday - September 23, 1977

7:30
(60 min.) Breakfast with Vice President Walter F. Mondale, Secretary Cyrus Vance, and Dr. Zbigniew Brzezinski - Roosevelt Room.

8:30 Dr. Zbigniew Brzezinski - Oval Office.

9:00 Mr. Frank Moore - The Oval Office.

10:00 Mr. Jody Powell - The Oval Office.

10:30
(90 min.) Meeting with His Excellency Andrey Andreyevich Gromyko, Minister of Foreign Affairs of the USSR. (Dr. Zbigniew Brzezinski) - Oval Office and Cabinet Room.

1:00 Lunch with Mrs. Rosalynn Carter - Oval Office.

2:15
(5 min.) Photograph with Meno Vardas Gilford, Sickie Cell Anemia Poster Child. (Ms. Midge Costanza) - Oval Office.

2:30
(30 min.) Meeting with Secretary Juanita Kreps/Business Leaders. (Mr. Jack Watson) - Cabinet Room.

3:15
(15 min.) Drop-By Panama Canal Briefing. (Mr. Hamilton Jordan) - State Dining Room.

5:00
(60 min.) Reception for Inaugural Committee Group. The State Dining Room.

THE WHITE HOUSE
WASHINGTON

Have
Let this be
your guide
J

AFRICA
BACK OFF
age fifty-six.

The Review Of The NEWS

Y CENTS

September 21, 1977 • Volume 13, Number 38



GOVERNOR MELDRIM THOMSON ON OUR CANAL.

See Page 31.

NAMES OF NEW TRILATERALISTS SHOCK NATION

See Page 59.

SOVIETS ADMIT PLAN TO GRAB PANAMA CANAL

See Page 47.

7/78

Hon. Patti Blanchette
33 Elm Street
Newmarket, NH 03857

2:30 PM

THE WHITE HOUSE

WASHINGTON

September 22, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*

SUBJECT: YOUR MEETING WITH BUSINESS LEADERS ON FRIDAY,
SEPTEMBER 23, 1977, AT 2:30 P.M. - CABINET ROOM

In accordance with your discussion with Juanita a couple of weeks ago, she has arranged a meeting at the White House with the business leaders listed at Tab A. Although you will not join the group until 2:30, the meeting will convene at 2:00 p.m. in the Cabinet Room with Charlie Schultze, Mike Blumenthal, Juanita, Sidney Harman, Jerry Jasinowski, Stu and me in attendance. Between 2:00 and 2:30, Juanita and Charlie Schultze will give a brief presentation on the overall economic outlook and Mike Blumenthal will give a very brief summary of tax reform proposals.

When you arrive, Juanita will give you a brief summary of the preceding half hour's discussion and call upon you to make remarks. Attached at Tab B are some talking points prepared by Charlie Schultze on economic outlook and by Mike Blumenthal on our tax reform proposals. Juanita has suggested that you make a brief (3-5 minute) statement and then turn to Irving Shapiro and Reginald Jones, each of whom is prepared to give a 5-minute summary, respectively, on the outlook on business investment and business views on tax reform. At the conclusion of their brief summaries, there will be 10 or 12 minutes for general comments and questions, and then you can make a brief closing statement. Although your presence at the meeting is only scheduled for half an hour, I would urge you to extend the meeting for another 10 to 15 minutes. I understand from Tim that you are due at the Panama Canal briefing at approximately 3:15. I also think it would be a good idea in the course of the discussion for you to indicate your desire to hold small informal meetings with leaders of the business community on a continuing basis.

Juanita also sent over papers prepared by Mr. Shapiro and Mr. Jones which, in effect, summarize the statements they will make to you tomorrow afternoon. Since they comprise another 12 pages of reading, and since you will have the benefit of their statements tomorrow afternoon, I am not burdening you now with those papers. If you would like to look over them before the meeting, Rick will have them available.

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Essentially, Mr. Shapiro's views may be summarized as follows:

(1) The country's present economic expansion is well-balanced and is not tending toward either a boom or a recession. Growth in '78 is likely to be less than this year, but that is to be expected at this stage of economic expansion.

(2) All sectors of final demand - consumer spending, housing construction, business fixed investment, and government purchases of goods and services - are currently expanding nicely. (Although business fixed investment has been lagging, it is now gaining momentum, and Mr. Shapiro expects the increase this year to be close to 10 percent in real terms.)

(3) The rate of inflation is easing in response to a slower rise in food prices, a better supply/demand balance in many industrial commodity markets and competitive pressure from imports.

(4) The major problem areas in the economy are unemployment, particularly black youth unemployment; our trade deficit; and excessive caution in the business and financial communities.

Mr. Shapiro's advice may be summarized as follows:

- The government must avoid overstimulating the economy in response to a slowing of growth that is unavoidable as expansion matures.
- Government economic policies should deal with fundamental problems and be as permanent as possible.
- The government should not try to "fine tune" the economy.
- The key to sustaining growth in '78 and beyond is a strong capital investment sector; a significantly greater percentage of gross national product must be devoted to capital formation in the years ahead.

T
A
B
A

PRESIDENTIAL MEETING WITH BUSINESS LEADERS--9/23/77
Business Leaders Participating

1. John D. deButts
Chairman, American Telephone &
Telegraph Co.
New York, New York
2. Clifton C. Garvin, Jr.
Chairman, EXXON Corp.
New York, New York
3. Robert S. Hatfield
Chairman, The Continental Group, Inc.
New York, New York
4. Reginald H. Jones
Chairman, General Electric Co.
Fairfield, Connecticut
5. Donald S. MacNaughton
Chairman, Prudential Insurance
Company of America
Newark, New Jersey
6. Thomas A. Murphy
Chairman, General Motors Corp.
Detroit, Michigan
7. Donald T. Regan
Chairman, Merrill, Lynch, Pierce, Fenner
and Smith, Inc.
New York, New York
8. Donald V. Seibert
Chairman, J. C. Penney Co., Inc.
New York, New York
9. Irving S. Shapiro
Chairman, E. I. du Pont de Nemours & Co.
Wilmington, Delaware
10. Walter B. Wriston
Chairman, Citicorp
New York, New York

T
A
B
B

Suggested Talking Points for Friday
Meeting with Business Leaders

1. Near term outlook. (With one probable exception -- Walter Wriston of Citibank -- the business leaders are reported to be fairly optimistic.)
 - A. We believe the summer "pause" is coming to an end
 - . retail sales have resumed advance
 - . business investment increasing; less than we would like, but still moving up
 - . government's own economic stimulus program gathering momentum
 - . production and employment should begin to follow suit.
 - B. Expect moderate but healthy growth over next twelve months, with further reduction in unemployment.
 - C. Glad to see much smaller price rises in last three months:
 - . see no reason to believe inflation will accelerate
 - . but, not happy about persistent underlying trend of 6 to 6-1/2 percent.
2. Long term policies:
 - A. Have provided economic stimulus to get economy moving -- public works, public service employment, youth employment.
 - B. But realize that long term economic progress depends heavily on private sector;
 - . particularly need to get large growth in business investment
 - . also need to create confidence that expansion will be durable and not halted by renewed inflationary pressure or shortages.

C. How can Federal government contribute?

1. A balanced strategy which makes possible a balanced budget in a high level economy.
As we approach fuller use of the nation's resources, we cannot let inflationary budget deficits set off a new round of inflation and lead us into another recession. We know only too well how difficult and costly it is to reverse inflation once it starts.

In practice, that means we examine every major budget and legislative decision in terms not just of what they mean now, but how they will affect the budget in 1980 and 1981. We will not make commitments that lead us into inflationary excesses later on in the recovery.

2. A gradual reduction of the share of Federal spending in GNP. Federal spending in fiscal 1978 will be 22-1/2 percent of GNP. By 1981, I plan to get that down to about 21 percent.
3. A tax reform proposal which not only establishes a fairer and more equitable tax system, but also substantially improves incentives for business investment and risk taking.
4. An awareness of the impact which excessive regulation has on business investment. Already moved to simplify OSHA regulations. Have commissioned major study of OSHA's safety regulations. EPA will adopt standards in water pollution control which will substantially increase the emphasis on "reasonable costs" as a criterion for regulation. In the final stages of establishing procedures for a high level review of the economic consequences of proposed major regulations.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 21, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLIE SCHULTZE *CLS*
SUBJECT: Meeting with business leaders, Friday,
September 23, 1977

You have a set of briefing notes from Secretary Kreps.

The business group has planned two presentations: the economic outlook (Reg Jones) and tax reform (Irv Shapiro).

I attach a set of suggested talking points for your use.

Attachment

THE WHITE HOUSE

WASHINGTON

Date: September 23, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Jody Powell
Jack Watson
Tim Kraft

FOR INFORMATION:

The Vice President
Jim Fallows
Fran Voorde

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Memo from the Attorney General dated 9/22/77 re
transmittal of Professor Meador's memo on
Presidential Leadership on Justice.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: September 26, 1977

ACTION REQUESTED:

☒ Your comments
Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

*We're having a reception
for Supreme Court justices;*

*any expansion this could wait
until next year -*

*I'd recommend a message to
Congress rather than a press conference - We
may have to appeal on tax for more
urgent priorities --- land treaties, welfare or
tax reform, energy etc -
TH*

5:00 PM

THE PRESIDENT HAS SEEN.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT AND MRS. CARTER

FROM: GRETCHEN POSTON

DATE: 22 September 1977

SUBJECT: INAUGURAL COMMITTEE RECEPTION
23 September 1977
5:00-6:00 P.M. in the East Room
Principal participation - mix-and-mingle

David Smoak, who has coordinated the guest list, and who is contact for the group, has advised me that the guest list for the White House reception was drawn from the list of paid staff of the Inaugural Committee, or are those who were volunteers working a (unknown) minimum number of hours per week. When individuals who fell within the above categories were not located, the invitations were extended to volunteers for the Committee who had worked less than the minimum hours above.

The reception at the Mayflower Hotel, which will follow that at the White House, will include the group at the White House, and will be extended to include additional volunteers (app. 250) for the Inaugural Committee. An estimated 20% of those who have been invited to these functions are from outside the Washington, D.C. area. The Mayflower reception will include cocktails and a light buffet.

Neither receiving line nor remarks have been planned; however, a standing mike will be available.

Guest list attached

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RECEPTION - Friday, September 23, 1977 at 5:00 o'clock
Honoring the 1977 Inaugural Committee

The President and Mrs. Carter

Mr. and Mrs. John T. Abernethy

Ms. Diane H. Alnutt

Mr. Mark Baff (Guest: Ms. Diana Jacobs)

Mr. and Mrs. William P. Bailey

Ms. Bonni B. Barnes

Mr. Theodore C. Barreaux (Guest: Ms. Julie B. McCarthy)

Mr. and Mrs. Tom Beard

Mr. and Mrs. Herschel Beazley

Mr. and Mrs. Leroy E. Beckford

Mr. and Mrs. Jack Brebbia

Mr. Stuart Byer (Guest: Ms. Eve Greenfield)

Mr. and Mrs. Chester C. Carter

Mrs. Jean B. Carter (Guest: Mr. Preston Carter)

Mr. and Mrs. John W. Carter

Mayor Roy Chalker, Jr.

Mr. and Mrs. Edward R. Chidake

Ms. Nancy Coggins (Guest: Mr. Rick Hutto)

Mrs. Nancy Cole (Guest: Mr. Harold Miller)

Mr. Peter D. Conlon (Guest: Ms. Debbie Miller)

Ms. Patricia Conway

Ms. Elizabeth Cox

Mr. and Mrs. Delacy Cox

Miss Ann Crites (Guest: Mr. Carter Cook)

Mr. Thomas Dawson (Guest: Ms. Gael Doar)

Mrs. Alma Davis (Guest: Dr. Norman J. Johnson)

Mr. and Mrs. James Dembo

Mr. and Mrs. Charles C. Demere

Miss Dorothy C. Dillon (Guest: Mr. David Raymond)

Mr. and Mrs. Donald Doll

Mr. and Mrs. Jack G. Dover

Ms. Patricia K. Drew

Miss Harron Ellenson

Mr. and Mrs. William H. Elliott

Mr. and Mrs. John L. Erickson

Mr. and Mrs. Ramiro Espinosa

Mr. and Mrs. Robert E. Falb

Mr. Geoff Fay (Guest: Ms. Janet Armuth)

Mr. and Mrs. Raymond Fay

Mr. Harlan Scott Finer

Mr. and Mrs. A. D. Frazier

Mr. Marty Freeman

Mr. and Mrs. Nicholas Friendly

Mr. Robert Gaines (Guest: Ms. Pam Ellison)

Mr. and Mrs. Keith Garland

Mr. Mark A. Gettelson (Guest: Mr. Joseph Suskind)

Miss Ronnie Gold

Mr. Kevin Gorman (Guest: Ms. Carol Rose)

Dr. and Mrs. Worth Grant

Dr. and Mrs. Harry J. Halley

Ms. Mary F. Hanley (Guest: Mr. Lars Nordin)

Mr. and Mrs. Thomas R. Hanley

Mr. and Mrs. Richard Harden

Ms. Ruth Hargraves

Mr. and Mrs. Hubert Harris

Ms. Shirley Havrilka

Mr. Larry Hayes

Mr. Steven J. Hayes

Ms. Becky Hendrix

Ms. Sarah Hendrix

Ms. Ellen Herman

Ms. Debbie Hershberg

Miss J. Catherine Hirsch

Ms. Cynthia L. Howar

Mr. William L. Hudson (Guest: Ms. Margaret Donnelly)

Mr. and Mrs. Fred Israel

Mr. Seth Jacobson (Guest: Ms. Alicia Sheppard)

Ms. Lillian B. Johnson

Mr. and Mrs. Robert Johnson

Ms. Sara Jane Johnson (Guest: Mr. Arthur Goldberg)

Ms. Susan B. Jollie

Mr. and Mrs. Hamilton Jordan

Mr. and Mrs. David W. Joyner, Jr.

Ms. Doris E. Judd (Guest: ~~Mr.~~ Rufus Judd)

Mr. and Mrs. Walter V. Kallaur

Mr. and Mrs. Thomas V. Kelly

Mr. and Mrs. John G. Kemp

Mr. Richard L. Kennedy (Guest: Ms. Margaret P. Smith)

Mr. Larry Kieves

Ms. Linda Kieves

Mr. James Kornreich

Mr. Eugene Krauf (Guest: Ms. Charlene Chandler)

Mr. and Mrs. Victor J. Lang, Jr.

Mr. McAdory Lipscomb, Jr.

Mr. Robert C. Lohse (Guest: Ms. Lydia Swidarn)

Ms. Louise Lutkefedder)

Mr. David Manley

Mr. and Mrs. Milton C. Mapes, Jr.

Ms. Pauletta K. Marlow (Guest: Mr. Brown Badgett)

Mr. and Mrs. Larry McCoy

Mr. and Mrs. Larry B. McGee

Ms. Martha McGowan

Mr. and Mrs. Herbert A. McKoy

Mr. William L. Megaro, Jr. (Guest: Alexis Thomas)

Mr. and Mrs. Dean E. Miller

Mr. James Curtis Moffatt (Guest: Ms. Gretta Coen)

Ms. Cynthia Moore (Guest: Mr. Kedron L. Heckner)

Mr. Roland Mora (Guest: Ms. Toni Cook)

Mr. and Mrs. Adeed Neam

Mr. Julian C. Nicholas (Guest: Ms. Deloris Branch)

Miss Angela Novello

Ms. Jean M. Offholter

Ms. Julie B. Onie

Mr. and Mrs. W. David Padgett

Mr. Franklin Phifer, Jr.

Mr. and Mrs. William Pollak

Mr. John Pritchard (Guest: Ms. Vicki Lovett)

Mr. Wayne Rackoff (Guest: Ms. Patti Rackoff)

Mr. Jerry Rafshoon (Guest: Ms. Susan Rafshoon)

Mr. Paige E. Reffe

Ms. Sally A. Regal (Guest: Mr. John Peterson)

Mr. Ralph C. Rinzler

Ms. Aileen V. Rogers

Mr. Steven H. Rogers (Guest: Ms. Georgia Bacas)

Mr. James H. Rowe, III

Ms. Michelle Runyon

Ms. Pinky A. Rutledge

Ms. Deborah Sale

Mr. Dennis Scardelli (Guest: Ms. Carmela Denaro)

Ms. Joan M. Schmierer

Ms. Patricia G. Segall (Guest: Mr. Tim Davis)

Mr. and Mrs. Simon Selig, Jr.

Mr. and Mrs. Steve Selig

Miss Lisa Sergio

Mr. William B. Shanley (Guest: Ms. Marcy Moldow)

Mr. and Mrs. Howard R. Sharlach

Ms. Story Shem

Ms. Mary M. Silkworth

Mr. and Mrs. Leonard Silverstein

Mr. John E. Skuce

Mr. and Mrs. James P. Smith

Mr. R. Michael Smith (Guest: Ms. Diana Gulbinowicz)

Mr. David S. Smoak

Mr. Wattie E. Snowden (Guest: Ms. Alice Stevens)

Mr. Jack Sullivan (Guest: Ms. Diane McGuinness)

Ms. Judy M. Sullivan (Guest: Mr. Brian Hannigan)

Miss Marilyn Suskind (Guest: Mrs. Lillie Suskind)

Mr. Jerald Sternburg

Mr. Paul E. Suplizio (Guest: Ms. Rita Yavinsky)

Mr. and Mrs. Lee Swift

Miss Bradley Thompson

Mr. Alexander Thomson (Guest: Ms. Judith Zack)

Mr. and Mrs. Bardyl R. Tirana

Mr. John E. Toole (Guest: Ms. Elizabeth Stader)

Mr. and Mrs. Milton Turen

Mrs. William N. Turpin (Guest: Mr. Griff Ellison)

Mrs. Thomas J. Utz (Guest: Jonathan Utz)

Mr. Marcel Veilleux (Guest: Ms. Roberta Keefe)

Mr. and Mrs. John P. Voegtli

Mr. and Mrs. Bruce E. Vogelsinger

Mr. and Mrs. James G. Walls

Ms. Carol West

Mr. and Mrs. Steven Weinstein

Mr. Joel Wiess (Guest: Ms. Louise Hillson)

Mr. Kenneth A. Wightman (Guest: Ms. Mary Mauch)

Mr. and Mrs. Everette Wilcox

Ms. Salome Williams (Guest: Mrs. Carolyn Burns)

Ms. Penny Williams

Mr. Frank Wilson (Guest: Ms. Jennifer Brandt)

Ms. Antonia Wood (Guest: Mr. Daniel Gallick)

Mr. and Mrs. William C. Wren

Mr. and Mrs. David Woodham

Ms. Nancy Zanes (Guest: Mr. Robert R. Zanes)

Ms. Elaine C. Zessi (Guest: Mr. John Moran)

THE WHITE HOUSE
WASHINGTON

3/27
Hold re: Stu, he
Justice will review

Date: September 23, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz will comment by 6p.
Jody Powell *attached*
Jack Watson - *attached*
Tim Kraft *attached*
Jim McIntyre *(Judith Green) attached*

FOR INFORMATION:

The Vice President
Jim Fallows - *attached*
Fran Voorde

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Memo from the Attorney General dated 9/22/77 re
transmittal of Professor Meador's memo on
Presidential Leadership on Justice.

DEAD
10/28; per Joanne
re submitted in
Nov/Dec re Cruise;
how he included.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: September 26, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

September 26, 1977

TO: RICK HUTCHESON

FROM: JIM FALLOWS *JL*

ABOUT: Memo on "Presidential Leadership on Justice"

I know this was sent for information, not comment, but I have one brief comment to make anyway. Over the course of the fall, there are likely to be several topics that require televised speeches. The Panama Canal is one; if we decide to send the tax reform package up now instead of the spring, that would be another. (The President has said time and again that he wants to explain the tax approach in a TV speech.) Who knows what else will turn up, for example from this gala foreign tour? Given all that, I don't think there's a compelling need for a justice speech anytime soon.

THE WHITE HOUSE

WASHINGTON

Date: September 23, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Jody Powell
Jack Watson
Tim Kraft

FOR INFORMATION:

The Vice President
Jim Fallows
Fran Voorde

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Memo from the Attorney General dated 9/22/77 re
transmittal of Professor Meador's memo on
Presidential Leadership on Justice.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: September 26, 1977

ACTION REQUESTED: .

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:



Office of the Attorney General
Washington, D. C. 20530

September 22, 1977

MEMORANDUM TO THE PRESIDENT:

Professor Meador who is in charge of our Office of Improving the Administration of Justice has conceived the idea of a Presidential effort related to what we are doing and what we hope to do in improving the delivery of justice. I attach a memorandum from him for your consideration.

Respectfully,

A handwritten signature in dark ink, appearing to read "Griffin B. Bell", is written above the printed name.

Griffin B. Bell

Attachment



United States Department of Justice

OFFICE FOR IMPROVEMENTS IN THE ADMINISTRATION OF JUSTICE

WASHINGTON, D.C. 20530

September 9, 1977

MEMORANDUM

TO: Griffin B. Bell
Attorney General

FROM: Daniel J. Meador *DJM*
Assistant Attorney General

SUBJ: Presidential Leadership on Justice

This memorandum presents two ideas for action by President Carter to provide some much needed Presidential leadership on justice. This was a fairly prominent theme during his campaigns, it is a natural theme for him, and it is a potentially important issue in domestic life. Attached is a copy of a Jack Anderson column which appeared in newspapers throughout the country on Sunday, August 14, 1977; this makes the point that there is much political mileage to be had on this subject as well as good for the country.

There are numerous trends at work which point to justice as a highly significant domestic issue which no one has yet developed very well. To mention just a few: (1) consumer groups and public interest law groups are much exercised over difficulties about access to justice and inexpensive, convenient justice; (2) lawyers are disturbed about cumbersome procedures and backlogs in the courts, (3) businessmen and representatives of large business interests are concerned about increasing legal costs and litigation expenses; (4) judges are disturbed about their work conditions and workloads. One can sense a vast discontent about the justice system, cutting across all segments of society. This is manifested almost daily in the newspapers, in meetings of various groups, and in speeches being given by a wide variety of politicians and citizens. Increasingly, magazines such as U.S. News and World Report are devoting space to this subject. These forces and trends have been building for a long time, but no President has yet taken this as a major issue. I believe the time is right for the President to do so, and that his personal attention to the

matter can do much to bring about the needed reforms and also would inure to his credit as a leader. Specifically, I would like to make two suggestions.

A Presidential Speech on Justice. The President should deliver a major national address on justice. This could be done in a format of a "fireside chat" or in a speech on some occasion where he is scheduled to speak. It might be done simply in a written message to Congress, a means that has been employed on other matters such as consumer affairs. I much prefer the speech because the message to Congress does not get the public attention which is desirable for this subject. Last Spring, word came through that the President was going to deliver a speech on crime, and much work was done here in the Department in attempting to draft materials for that speech. That has not yet materialized. Even if a speech on crime is eventually to be given, an address on the broader theme of justice for all Americans, in civil and criminal matters, would still be in order and would not be duplicative.

The speech should stress the fact that for the first time in American history the Executive Branch of the Government has taken a hand in studying the justice system and in devising remedies for the problems and inadequacies. It should cite your creation of this Office and some of the major problems on which we are working. Such a speech would enable us to pull together a number of our efforts and sound an overall unifying theme.

I suggest that you present this idea to the President. If he is favorably inclined, this Office would be happy to develop a draft of a proposed speech. I would like very much to see such a speech given within the next two or three months, and I urge you to press this suggestion on the President.

A Presidential Reception for the Judiciary. When Eisenhower was President, he had an annual reception for the judiciary, at least for several years. The year I was in Washington with Justice Black, I attended. The guest list was made up of Supreme Court Justices, the Chief Judges of all the U.S. Courts of Appeals, the Federal Judges in the District of Columbia, a number of key people in the Department of Justice, and a few others from around the country with special interest in the courts. I thought then and still think that this was a grand idea. However, I believe that it can be made even better by more careful thought to the staging of the occasion and the guest list.

The purpose of such a reception would be to dramatize the national concern and the President's own concern for the courts of the nation. It would be a natural follow up on a theme which you have sounded often, namely, that we should provide a higher degree of national leadership in justice at all levels. In line with this theme, the guest list should be broadened considerably from that which was used in the Eisenhower receptions.

I suggest that the President schedule a reception at the White House some time in the next three or four months, to be billed as a reception for the judiciary. It could take the form of a late afternoon or early evening reception in the White House; it need not involve dinner or any elaborate refreshments. The guest list should include the Supreme Court Justices, the Chief Judges of the U.S. Courts of Appeals, the Chief Judges of the major metropolitan U.S. District Courts, the Chief Justices of the State Supreme Courts, and a variety of persons heavily involved in the court systems and in justice matters, such as the Director of the Federal Judicial Center, the Director of the National Center for State Courts, key officers from the American Bar Association, the American Judicature Society, key members of the Judiciary Committees of Congress, Chairmen of the Circuit Judge Nominating Panels, and, perhaps, others. The President, of course, should be present at the reception and greet all of these persons. Perhaps some arrangement could be made in the course of the reception for the President to address his concerns with the quality of justice and to offer his encouragement to all those who labor in these vineyards. If the President can be persuaded to make a speech on justice, perhaps this reception could be scheduled close around the time of that event, possibly during the same week. This would give added emphasis to the theme of justice at all levels in the nation. I would be glad to cooperate in developing further the plans for such a reception.

The time is ripe for some truly fundamental improvements in the justice system. But it will be difficult to bring these about without the inspiration and leadership which only the President can provide. I hope that you and the President will think it appropriate to take steps to that end.



Jack Anderson

SUNDAY, AUGUST 14, 1977

Losing Our 'Day in Court'

WASHINGTON — It sometimes seems as if half the American people are suing the other half. Our daily mail is loaded with emotional letters, enclosing ponderous legal documents, from litigants who have given up all hope of getting justice from the courts.

We once numbered among our basic rights what was called our "day in court." That phrase meant access to justice on terms that were prompt, cheap and fair. Today, the phrase must be altered to our "years in court." Access to our courts is no longer prompt nor cheap and, therefore, cannot be fair.

In the past 10 years, the workload of most federal courts had doubled; some courts report it has tripled. There has been no comparable increase in the number of judges or other court resources, which means that our judicial system is forced everywhere, every day, to violate the chief judicial commandment formulated by the late, eminent Judge Learned Hand: "Thou shalt not ration justice."

Once the citizen does get into court, he may be stuck there waiting for a conclusion for perhaps a decade. The litigant whose bills are footed by stockholders or by the taxpayers can simply outlast the unsubsidized citizen by dragging things out from court to court. It is but a matter of time before the lone litigant is too broke, too weary, too old and too hopeless to continue. And so he drops out.

Not infrequently, he drops out by dying. The anguish and frustration that builds up on the emotional roller coaster of endless, unresolved litigation is a frequent cause of illness. We quote from a not untypical letter, written by Nicholas Barbaro of Brooklyn:

"My father died of a massive heart attack. I understand that courts are overcrowded, but I firmly believe that his case was worrying him to such a degree that it affected his health, which resulted in his death."

The burden of the clogging of the courts falls unequally. For the congenital criminal, it means that most of the time, under one guise or another, he will get off. The United States is too weak and too

poor, at least in its priorities, to cope with its criminals.

For victims of crime, it means more victimization and less hope of redress. There can no longer be any doubt that the failure to dispose of criminal cases promptly is largely responsible for the crime wave sweeping the country.

For the citizen who is caught up in a civil case, or who needs to bring one, he is confronted with the delay that has always been recognized as the denial of justice. He may wait for years to get a hearing.

The lament is the loudest from concerned, conscientious judges. The federal district court for southern Florida once led the nation in processing civil cases. But Judge J. Lawrence King now reports, with dismay, that this court has tried almost no civil cases in the past year.

Judge Robert Ainsworth, chairman of the federal judiciary's Committee on Court Administration, who sits in New Orleans on the Fifth Circuit Court, declares: "There are just too many cases. We're at half strength."

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But most of the causes of our courtroom breakdown CAN be zeroed in on. The judges themselves are culpable. Though they have labored heroically to keep up with huge caseloads, they have failed as a group to sound the alarm as mounting problems beset their courts. Much of their caseload is made up of repeaters who are convicted but not put away. Judges have also been slow to purge their deadheads, to change antiquated methods and to take advantage of modern technology.

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There is nothing benevolent behind the failure of Congress to add a single federal district judgeship since 1970 to cope with the flood of new cases its laws have generated. Lay that situation to the coarsest sort of scheming for political patronage. While Republicans held the White House, the Democrats in Congress weren't willing to create new judicial plums for the president to hand out.

A number of proposals have been made to deal with this breakdown. Here are just a few:

- The creation of enough judges and other court resources to meet the load.
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- Putting an end to the exclusive license of lawyers to horn in and profiteer on family-type concerns by establishing procedures for the probating of wills, for the sale of residential real estate, for uncomplicated divorces and the like, without the gouging by \$75-an-hour lawyers.

We have lost something precious — our "day in court." We can get it back if we make court reform a political issue.

UNITED STATES GOVERNMENT

Memorandum

TO : Griffin B. Bell
Attorney General

FROM : Daniel J. Meador *DJM*
Assistant Attorney General - OIAJ

SUBJECT: Presidential Leadership on Justice

DATE: Sept. 12, 1977

Attached is an edited version of my memo to you on Presidential Leadership on Justice. I am resubmitting this memo in accordance with the suggestion in your memo to me of September 6, 1977.

I am pleased to know that you plan to send this on to the President. I hope it produces good results.





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *James T. McIntyre*
SUBJECT: Memorandum from the Attorney General on
Justice Initiative

We concur with the recommendation that there be a high-profile Presidential initiative in the justice improvement area at an appropriate time. By giving a major address on problems in justice, you will raise expectations that your Administration will take immediate concrete action to help improve the administration of justice. It therefore seems to me important for you to have some tangible achievement to report or to point to something you are doing to improve the justice system. One approach might be to link such an address with the Reorganization Study on Improving the Justice System which you authorized on August 29. (The study is considering such initiatives as the best structure for a National Institute of Justice and improving policy and planning for justice within the Department of Justice. There is also underway, as you know, comprehensive reorganization project review of Federal law enforcement. We would be happy to brief you on these studies to date, if that would be useful.) The present schedule for both reorganization projects indicates that the basic options for a National Institute of Justice and law enforcement improvements could be available for a Presidential justice improvement speech in February, 1978.

We endorse the concept of a Presidential reception for the judiciary. We believe that it is also very important that there be a highly visible Presidential effort to meet with citizen, consumer, business and labor groups concerned about weaknesses in the justice system. One possibility is to convene the White House Seminar on the Federal Role in Improving Justice which has been proposed as part of the Reorganization Study. Such a gathering would be the first devoted to civil as well as criminal problems and equally important, the first to involve citizens and public interest groups along with the lawyers and judges to work together on fashioning improvements in the justice system.

SEP 27 1977



Office of the Attorney General
Washington, D. C. 20530

September 22, 1977

MEMORANDUM TO THE PRESIDENT:

Professor Meador who is in charge of our Office of Improving the Administration of Justice has conceived the idea of a Presidential effort related to what we are doing and what we hope to do in improving the delivery of justice. I attach a memorandum from him for your consideration.

Respectfully,

Griffin B. Bell

Attachment



United States Department of Justice

OFFICE FOR IMPROVEMENTS IN THE ADMINISTRATION OF JUSTICE

WASHINGTON, D.C. 20530

September 9, 1977

MEMORANDUM

TO: Griffin B. Bell
Attorney General

FROM: Daniel J. Meador *bjm*
Assistant Attorney General

SUBJ: Presidential Leadership on Justice

This memorandum presents two ideas for action by President Carter to provide some much needed Presidential leadership on justice. This was a fairly prominent theme during his campaigns, it is a natural theme for him, and it is a potentially important issue in domestic life. Attached is a copy of a Jack Anderson column which appeared in newspapers throughout the country on Sunday, August 14, 1977; this makes the point that there is much political mileage to be had on this subject as well as good for the country.

There are numerous trends at work which point to justice as a highly significant domestic issue which no one has yet developed very well. To mention just a few: (1) consumer groups and public interest law groups are much exercised over difficulties about access to justice and inexpensive, convenient justice; (2) lawyers are disturbed about cumbersome procedures and backlogs in the courts, (3) businessmen and representatives of large business interests are concerned about increasing legal costs and litigation expenses; (4) judges are disturbed about their work conditions and workloads. One can sense a vast discontent about the justice system, cutting across all segments of society. This is manifested almost daily in the newspapers, in meetings of various groups, and in speeches being given by a wide variety of politicians and citizens. Increasingly, magazines such as U.S. News and World Report are devoting space to this subject. These forces and trends have been building for a long time, but no President has yet taken this as a major issue. I believe the time is right for the President to do so, and that his personal attention to the

matter can do much to bring about the needed reforms and also would inure to his credit as a leader. Specifically, I would like to make two suggestions.

A Presidential Speech on Justice. The President should deliver a major national address on justice. This could be done in a format of a "fireside chat" or in a speech on some occasion where he is scheduled to speak. It might be done simply in a written message to Congress, a means that has been employed on other matters such as consumer affairs. I much prefer the speech because the message to Congress does not get the public attention which is desirable for this subject. Last Spring, word came through that the President was going to deliver a speech on crime, and much work was done here in the Department in attempting to draft materials for that speech. That has not yet materialized. Even if a speech on crime is eventually to be given, an address on the broader theme of justice for all Americans, in civil and criminal matters, would still be in order and would not be duplicative.

The speech should stress the fact that for the first time in American history the Executive Branch of the Government has taken a hand in studying the justice system and in devising remedies for the problems and inadequacies. It should cite your creation of this Office and some of the major problems on which we are working. Such a speech would enable us to pull together a number of our efforts and sound an overall unifying theme.

I suggest that you present this idea to the President. If he is favorably inclined, this Office would be happy to develop a draft of a proposed speech. I would like very much to see such a speech given within the next two or three months, and I urge you to press this suggestion on the President.

A Presidential Reception for the Judiciary. When Eisenhower was President, he had an annual reception for the judiciary, at least for several years. The year I was in Washington with Justice Black, I attended. The guest list was made up of Supreme Court Justices, the Chief Judges of all the U.S. Courts of Appeals, the Federal Judges in the District of Columbia, a number of key people in the Department of Justice, and a few others from around the country with special interest in the courts. I thought then and still think that this was a grand idea. However, I believe that it can be made even better by more careful thought to the staging of the occasion and the guest list.

The purpose of such a reception would be to dramatize the national concern and the President's own concern for the courts of the nation. It would be a natural follow up on a theme which you have sounded often, namely, that we should provide a higher degree of national leadership in justice at all levels. In line with this theme, the guest list should be broadened considerably from that which was used in the Eisenhower receptions.

I suggest that the President schedule a reception at the White House some time in the next three or four months, to be billed as a reception for the judiciary. It could take the form of a late afternoon or early evening reception in the White House; it need not involve dinner or any elaborate refreshments. The guest list should include the Supreme Court Justices, the Chief Judges of the U.S. Courts of Appeals, the Chief Judges of the major metropolitan U.S. District Courts, the Chief Justices of the State Supreme Courts, and a variety of persons heavily involved in the court systems and in justice matters, such as the Director of the Federal Judicial Center, the Director of the National Center for State Courts, key officers from the American Bar Association, the American Judicature Society, key members of the Judiciary Committees of Congress, Chairmen of the Circuit Judge Nominating Panels, and, perhaps, others. The President, of course, should be present at the reception and greet all of these persons. Perhaps some arrangement could be made in the course of the reception for the President to address his concerns with the quality of justice and to offer his encouragement to all those who labor in these vineyards. If the President can be persuaded to make a speech on justice, perhaps this reception could be scheduled close around the time of that event, possibly during the same week. This would give added emphasis to the theme of justice at all levels in the nation. I would be glad to cooperate in developing further the plans for such a reception.

The time is ripe for some truly fundamental improvements in the justice system. But it will be difficult to bring these about without the inspiration and leadership which only the President can provide. I hope that you and the President will think it appropriate to take steps to that end.



Jack Anderson

SUNDAY, AUGUST 14, 1977

Losing Our 'Day in Court'

WASHINGTON — It sometimes seems as if half the American people are suing the other half. Our daily mail is loaded with emotional letters, enclosing ponderous legal documents, from litigants who have given up all hope of getting justice from the courts.

We once numbered among our basic rights what was called our "day in court." That phrase meant access to justice on terms that were prompt, cheap and fair. Today, the phrase must be altered to our "years in court." Access to our courts is no longer prompt nor cheap and, therefore, cannot be fair.

In the past 10 years, the workload of most federal courts had doubled; some courts report it has tripled. There has been no comparable increase in the number of judges or other court resources, which means that our judicial system is forced everywhere, every day, to violate the chief judicial commandment formulated by the late, eminent Judge Learned Hand: "Thou shalt not ration justice."

Once the citizen does get into court, he may be stuck there waiting for a conclusion for perhaps a decade. The litigant whose bills are footed by stockholders or by the taxpayers can simply outlast the unsubsidized citizen by dragging things out from court to court. It is but a matter of time before the lone litigant is too broke, too weary, too old and too hopeless to continue. And so he drops out.

Not infrequently, he drops out by dying. The anguish and frustration that builds up on the emotional roller coaster of endless, unresolved litigation is a frequent cause of illness. We quote from a not untypical letter, written by Nicholas Barbaro of Brooklyn:

"My father died of a massive heart attack. I understand that courts are overcrowded, but I firmly believe that his case was worrying him to such a degree that it affected his health, which resulted in his death."

The burden of the clogging of the courts falls unequally. For the congenital criminal, it means that most of the time, under one guise or another, he will get off. The United States is too weak and too

poor, at least in its priorities, to cope with its criminals.

For victims of crime, it means more victimization and less hope of redress. There can no longer be any doubt that the failure to dispose of criminal cases promptly is largely responsible for the crime wave sweeping the country.

For the citizen who is caught up in a civil case, or who needs to bring one, he is confronted with the delay that has always been recognized as the denial of justice. He may wait for years to get a hearing.

The lament is the loudest from concerned, conscientious judges. The federal district court for southern Florida once led the nation in processing civil cases. But Judge J. Lawrence King now reports, with dismay, that this court has tried almost no civil cases in the past year.

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But most of the causes of our courtroom breakdown CAN be zeroed in on. The judges themselves are culpable. Though they have labored heroically to keep up with huge caseloads, they have failed as a group to sound the alarm as mounting problems beset their courts. Much of their caseload is made up of repeaters who are convicted but not put away. Judges have also been slow to purge their deadheads, to change antiquated methods and to take advantage of modern technology.

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The hand of the legislator is also heavy in this mess. Congress has increasingly saddled upon staggering courts bitter social controversies, which are the real responsibility of the legislative branch. Moreover, Congress in its benevolent muddleheadedness has in the last decade passed dozens of laws, 40 by our count, which were designed to improve the lot of aggrieved citizens — minorities, consumers, environmentalists, debtors, convicts — but which have in reality caused litigation to mushroom, without creating the facilities to handle it.

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A number of proposals have been made to deal with this breakdown. Here are just a few:

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We have lost something precious — our "day in court." We can get it back if we make court reform a political issue.

UNITED STATES GOVERNMENT

Memorandum

TO : Griffin B. Bell
Attorney General

FROM : Daniel J. Meador *109m*
Assistant Attorney General - OIAJ

SUBJECT: Presidential Leadership on Justice

DATE: Sept. 12, 1977

Attached is an edited version of my memo to you on Presidential Leadership on Justice. I am resubmitting this memo in accordance with the suggestion in your memo to me of September 6, 1977.

I am pleased to know that you plan to send this on to the President. I hope it produces good results.



5010-110

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson
Jane Frank *Jane* September 26, 1977

RE: Griffin Bell's Memorandum--Transmittal
of Presidential Leadership on Justice

While we concur with the notion of the need for Administration initiatives in the area of justice and crime, it seems to us that this memorandum is premature. OMB has undertaken a reorganization project in the area of justice--with recommendations due early next year. The Domestic Council also is working on a number of issues in the area. After these projects yield results, decisions can be made about a Presidential message and its form.

THE WHITE HOUSE

WASHINGTON

Date: September 23, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Jody Powell
Jack Watson
Tim Kraft

FOR INFORMATION:

The Vice President
Jim Fallows
Fran Voorde

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Memo from the Attorney General dated 9/22/77 re
transmittal of Professor Meador's memo on
Presidential Leadership on Justice.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Monday

DATE: September 26, 1977

ACTION REQUESTED:

☒ Your comments
Other:

STAFF RESPONSE:

☐ I concur.
Please note other comments below:

☐ No comment.

The reception is fine and so is the
speech but not a prime slot. The time
for heavy publicity is if and when we
decide what we want to do. I suggest
we wait til next year in any case.
Jed

THE WHITE HOUSE
WASHINGTON

Rich --
please send me
a copy

Mawles
-- Susan

THE WHITE HOUSE
WASHINGTON

9/23/77

Mr. President:

Included in this report
are requests which:

- are done;
- are expected this coming
week; or
- were expected this
past week but were
not completed.

Rick

THE PRESIDENT HAS SEEN,
THE WHITE HOUSE
WASHINGTON

23 September 1977

*Rick -
Slippage in dates
is excessive
J.C.*

MEMORANDUM FOR THE PRESIDENT

FROM: RICK HUTCHESON *R.H.*
SUBJECT: Status of Presidential Requests

EIZENSTAT;

1. (6/15) (and Kreps) Comment on the letter from Senators Magnuson and Hollings on the Nation's ocean program -- In Progress, (Stu is drafting a PRM on this, expected 9/27, previously expected 9/20).
2. (7/18) (Confidential) Check with the Attorney General and comment on the Morris Dees memo concerning the death penalty in the United States -- In Progress, (meeting with DoJ on 9/19, report expected 10/7).
3. (8/13) This doesn't seem right. Work on it. (Jack Anderson article on 8/13 re giant utilities "phantom taxes") -- In Progress, (expected 10/20, previously expected 9/23).
4. (8/15) (and McIntyre) Follow-up on 8/12 memo from Eizenstat concerning meeting with Alan Boyd -- In Progress, (with Senior Staff, expected 9/27, previously expected 9/19).
5. (6/24) (and Bourne and Brzezinski) Get together and let the President know what we can do about world hunger -- In Progress. (8/29) Advise regarding Bourne memo on report on International Food and Agriculture -- In Progress, (expected 9/26, previously expected 9/13).

**Electrostatic Copy Made
for Preservation Purposes**

6. (8/31) The President has worked 7 months to get agencies out of EOP, now another is being recommended. How many people are involved in the Oversight Office regarding the review of security classification system memo? -- Done. *done*
7. (9/12) Assess three items briefly regarding Marshall memo concerning black unemployment -- In Progress, expected 9/28, previously expected 9/20).
8. (9/20) Comment on the 9/20 memo from Jim Schlesinger regarding final decision on Alaska natural gas -- Done. *done*

JORDAN:

1. (9/12) (Butler) What has been/can be done regarding a job for Don Cox of Kentucky? -- Done. *what?*
2. (9/14) (Butler) a) Is Alex Walsh a State Department "consultant" on friendship force? b) if so, why? -- Done. *done*

LIPSHUTZ:

1. (2/18) (and Bell) You know of President's promise to make the Attorney General independent of White House influence and control. (7/7) Assess the President's campaign statements on the Attorney General. It was Bell's idea to begin with -- In Progress, (expected 9/28, previously expected 9/21).
2. (9/14) Talk to Sen. Jackson regarding Indian claims. Perhaps Bill Gunter could lead a task force in drafting legislation -- In Progress, (meeting with DoI 9/24, call to Sen. Jackson to follow meeting).

BRZEZINSKI:

1. (8/1) (and Vance) I want every U.S. Ambassador to have a concise list of specific tasks or goals to be achieved within his/her assigned country. Please give me a few examples such as Zambia, Argentina, India, South Africa, Belgium, Republic of China, Philippines -- In Progress. (8/17) What I want is for every embassy to have a specific and current set of goals, such as the ones here

for Spain and Venezuela. I want a copy in the White House -- In Progress, (expected 10/4, previously expected 9/21).

*no more
delay*

2. (9/6) (and Eizenstat) Redraft letter regarding 9/1 memo concerning reply to Gov. Milliken's latest letter concerning SEAFARER Project in Michigan -- Done.
3. (9/9) (Secretary Brown) Brief comment regarding 8/26 memo from Midge Costanza concerning suggested method of dealing with defense contractor overruns -- Done.
4. (9/12) (and Brown) See the President regarding memo on consultations with NATO allies on enhanced radiation war-head -- Done.

done

done

done

THE FIRST LADY:

1. (8/4) Comment (re 8/2 memo from Jordan concerning two vacancies on Advisory Council on Historical Preservation -- Done, (The First Lady's recommendation of Joseph Mahan is being included in memo from Hamilton now under preparation).

VICE PRESIDENT:

1. (8/4) Strengthen for later release (end of August) (draft White House release for foreign intercept operations/commercial telecommunications) -- In Progress, (final report from NSC expected 9/30).
2. (9/20) (and Powell) Prepare press release regarding District of Columbia Task Force -- Done.

done

SCHLESINGER:

1. (9/14) From Sen. Long, this must be answered. Send the President a copy regarding TIMES PICAYUNE advertisement of 8/14 concerning energy programs and increased costs to Louisiana family -- In Progress, expected 9/27).

**Electrostatic Copy Made
for Preservation Purposes**

MOORE:

1. (8/29) Talk to the Speaker and to Foley concerning pesticides legislation; the President will help personally -- Done. *done*

POWELL:

1. (8/22) Draft answer to 8/12 letter from Georgia State Senator Franklin Sutton -- In Progress, (expected 9/30). *no more delay*

SCHULTZE:

1. (8/24) Go ahead and prepare the economic impact statement for the President concerning the Senate Finance Committee proposal on Social Security financing and the statement to be given to Senator Long -- In Progress, (with CEA, OMB and the Domestic Council, expected 9/30, previously expected 9/19).

BERGLAND:

1. (9/9) (Personal and Confidential) Please explain about farm bill costs apparently skyrocketing. Check on USDA figures...thought we were approving only minimal increases above \$2 billion limit -- Done, (in discussion with the President after 9/19 Cabinet meeting). *not adequate*

ATTORNEY GENERAL:

1. (8/3) Why not support this merit selection proposal? I'm for it. (re Germond & Whitcover column concerning merit selection of judges) -- In Progress, (with Senior Staff, expected 9/27, previously expected 9/20).

WATSON:

1. (9/2) (Jane Frank) Please work out with the First Lady and Sen. Byrd a visit by his grandchildren to visit Amy -- In Progress, (with First Lady's staff; 9/24 invitation extended but declined due to family commitment, another date to be offered soon). *done*

2. (9/9) Get brief OMB comment without delay regarding Ray Marshall memo concerning Department of Labor's reorganization project -- In Progress. (A status report was received on 9/20 from OMB, indicating that OMB concurs with the Labor Department's internal reorganization activities, but has questions about certain Labor Department reorganization studies which overlap with reorganization projects OMB already has underway. Wellford is meeting with DoL officials on 9/27 and will report to you immediately thereafter.)

3:15 p.m.

THE WHITE HOUSE

WASHINGTON

September 23, 1977

STATE BRIEFINGS ON PANAMA CANAL TREATIES

Friday, September 23, 1977

3:15 P.M. (20 minutes)

The State Dining Room

From: Hamilton Jordan *H.J.*

I. PURPOSE

To motivate a grass-roots effort among public opinion leaders to support a treaty ratification.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: This is the fifth in a series of briefings for state leaders. Today leading citizens from New Hampshire and Indiana have been invited.
- B. Participants: Opinion leaders from both states, as designated by all four Senators involved and our staff: Chamber of Commerce and business council leaders, state legislators, journalists, and community activists are included. Senate staffers from Sens. Bayh, Lugar, McIntyre, and Durkin's offices will be in attendance.
- C. Press Plan: No press coverage.

III. TALKING POINTS

The same presentation will be totally appropriate.

Attachments:

Agenda
List of attendees

**Electrostatic Copy Made
for Preservation Purposes**

AGENDA

FRIDAY, SEPTEMBER 23, 1977

1:45 P.M.	Welcome	Warren Christopher Deputy Secretary of State
1:50 P.M.	Overall Foreign Policy View	David Aaron Deputy Assistant to the President for National Security Affairs
2:05 P.M.	Description of Treaties	Ambassador Ellsworth Bunker
2:30 P.M.	Break	
2:50 P.M.	National Security View	W. Graham Claytor, Jr. Secretary of the Navy and Adm. James L. Holloway, III Chief of Naval Operations
3:15 P.M.	Remarks	The President

INVITEES FROM NEW HAMPSHIRE

The Honorable Susan N. McLane, State Representative, President of the
New Hampshire Council of World Affairs (Concord)

Joseph Millimet, attorney (Manchester)

Norris Cotton, former Senator (Lebanon)

The Honorable Sylvio Dupuis, former Mayor (Manchester)

Lawrence Radway, Dartmouth College, former State Chairman (Hanover)

Jack L. Bowers, President, Sanders Associates, Inc. (Nashua)

Ray Brighton, Editor of the Portsmouth Herald (Portsmouth)

Joe Riley, WWNH (Rochester)

Tal Hood, WKBK (Keene)

Ed DeCourcy, Editor of the Newport Argus-Champion (Newport)

William Rotch, Editor of the Milford Cabinet (Milford)

Conrad Quimby, Editor of the Derry News (Derry)

Ed Lecius, WSMN (Nashua)

Herm Pouliot, Publisher of the Nashua Telegraph (Nashua)

Mrs. Dorothy Jenis (Manchester)

Thomas Cavanagh (Manchester)

John O'Brien, President, Metal Trade Council (Portsmouth)

Arthur Cilley (Claremont)

Mayor Bruce Graves (Portsmouth)

George Langley (Groveton)

Representative Patti Blanchette (Newmarket)

Invitees from New Hampshire (continued)

Saul Greenspan (Manchester)

Representative George Mullin (Boscawen)

Andre Verville (Manchester)

Jim Muirhead (Manchester)

Representative Nancy Proctor (Keene)

General I. D. White (Dublin)

J. Wilcox Brown, member of the Democratic National Committee (Dunbarton)

Patricia Russell, member of the Democratic National Committee, clothing store owner (Keene) |

Jean Wallin, realtor, legislator (Nashua)

The Honorable Richard Stanton, Mayor (Manchester)

Cliff Ross, attorney (Manchester)

Paul Landry, retail oil dealer (Manchester)

Hugh Gallen, auto dealer (Littleton)

Saverio M. Gianbalvo, secretary-treasurer, New Hampshire AFL-CIO (Manchester)

William Dunfey, vice president of a hotel chain (Hampton)

General Harrison Thyng (Pittsfield)

Lucille Kelly (Manchester)

INVITEES FROM INDIANA

The Honorable Robert J. Fair, President Pro Tem, Indiana State Senate
(Princeton)

John L. Carey, President, Indiana State Bar Association (South Bend)

Burr Sweezy, Chairman of the Board, Indiana State Chamber of Commerce
(Indianapolis)

Omar Kendall, Commander, Veterans of Foreign Wars (Indianapolis)

Rebecca Meier, President, Indiana League of Women Voters (Indianapolis)

Dallas Sells, Regional Director, United Auto Workers (Indianapolis)

Marion Stackhouse, Farm Bureau Co-operative Association of Indiana
(Indianapolis)

Harold Wright, Indiana Farmers Union (Indianapolis)

Orville Miller, National Farmers Organization (Dale)

The Honorable William J. Brighton, Mayor (Terre Haute)

Joseph Nixon, Publisher, Nixon Newspapers, Inc. (Wabash)

James E. Rasmussen, Editor, Gary Post-Tribune (Gary)

Richard Inskeep, Publisher, Fort Wayne Journal-Gazette (Fort Wayne)

Marsee A. Cox, Editor, Terre Haute Tribune (Terre Haute)

Opal Tandy, Editor, Indiana Herald (Indianapolis)

Art Saltsberg, News Director, WOWO Radio (Fort Wayne)

Jim Lockwood, News Director, WTTV Television (Indianapolis)

Robert Gamble, News Director, WRTV Television (Indianapolis)

Henry Mills, President, Indiana NAACP (Marion)

Invitees from Indiana (continued)

Sam Jones, Executive Director, Indianapolis Urban League (Indianapolis)

Raymond Gran, President, Indiana State Teachers Association (Indianapolis)

Grover Hartman, Indiana Council of Churches (Indianapolis)

Most Reverend George J. Biskup, Archbishop (Indianapolis)

Carole Stein, National Council of Jewish Women, Indianapolis Section
(Indianapolis)

Dr. Thaddeus Seymour, President, Wabash College (Crawfordsville)

Russell Bassett, Northwestern Indiana Building Trades Council (Gary)

Mayor Richard Hatcher (Gary)

Dr. Allen C. Rankin

Dick Stoner, DNC member, Vice Chairman of Cummins Engine Company

William Trisler, Chairman, Indiana Democratic Party

Matthew Welsh, former governor of Indiana

Anton Hulman, owner of the Indianapolis 500

THE WHITE HOUSE
WASHINGTON

September 23, 1977

Stu Eizenstat

The attached Turndown for
Emergency Declaration for
California was returned in
the President's outbox today.
It is forwarded to you for your
information. Bob Linder was given
the copy for appropriate handling.
Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE

WASHINGTON

September 22, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *LD*

SUBJECT: Recommended Turndown for Emergency
Declaration - California

In the attached letter, Secretary Harris recommends that you turn down a request from the Governor of California for emergency assistance due to the adverse effects of recent forest fires on watershed lands. The Federal Disaster Assistance Administration (FDAA) concludes that the \$1.6 million of assistance already obligated by the Soil Conservation Service of the Department of Agriculture is adequate to perform all emergency conservation work that can be done before the winter rains.

We concur with the FDAA assessment and recommend your concurrence in the proposed reply to Governor Brown.



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL DISASTER ASSISTANCE ADMINISTRATION
WASHINGTON, D.C. 20410

OFFICE OF THE ADMINISTRATOR

IN REPLY REFER TO:

Honorable Edmund G. Brown, Jr.
Governor of California
Sacramento, California 95814

Dear Governor Brown:

This is in further response to your recent request for an emergency declaration for Riverside, Santa Barbara, and Monterey Counties for the purpose of obtaining Federal assistance to perform remedial actions to minimize flood impact in these areas resulting from forest fires this past summer.

We have given your request careful review and consideration. Our assessment of this situation revealed that the Soil Conservation Service (SCS) of the U.S. Department of Agriculture is authorized, under Section 216 of the Flood Control Act of 1950, to provide funds for establishing vegetative cover, stabilizing eroded banks, removing debris, opening constricted water courses, and constructing protective diversions, dikes, or jetties. In addition, permanent measures can be taken, such as construction of floodwater retarding structures, channels, and debris basins if they are the most feasible way of obtaining emergency protection. The SCS has already made available \$1.6 million for various projects in the three-county area, which is adequate to perform all the necessary work that can be done on an emergency basis in time to provide some protection from the winter rains. These funds, together with the funds being made available by the State and local governments, are adequate to meet the emergency needs. Our assessment did not reveal any other requirements for Federal assistance above and beyond that which is already being provided by SCS under its independent authorities.

In view of the Federal, State, and local assistance already being made available, and based on our investigations and full consideration of all the facts, we have concluded that this

2.

situation does not appear to warrant Federal emergency assistance. I must therefore inform you of our decision not to recommend to the President that he declare an emergency in this instance.

Sincerely,

Thomas P. Dunne
Administrator

Concurrence:

✓ J. Carter Date: _____

2:15 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 22, 1977

MEETING WITH SICKLE CELL ANEMIA POSTER CHILD

Friday, September 23, 1977

2:15 p.m. (5 minutes)

The Oval Office

From: Margaret Costanza MC

I. PURPOSE

Greet and make brief remarks during a picture taking meeting with the 1977 Sickle Cell Anemia Poster Child.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: The Sickle Cell Anemia Poster Child is sponsored annually by the National Association for Sickle Cell Disease. September has been designated Sickle Cell Month and your meeting with the Poster Child, Meno Vardas Gilford, will be a highlight of the Association's efforts to call national attention to this disease. Other activities planned for the Poster Child include a meeting with the Congressional Black Caucus.

B. Participants: See Tab A

C. Press Plan: White House photo and press opportunity

III. TALKING POINTS

To be provided by Jim Fallows

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PARTICIPANTS

Meno Vardas Gilford
Sickle Cell Anemia Poster Child

Mr. and Mrs. James Gilford
Parents of the Poster Child

Charles Whitten, MD
President
National Association for Sickle Cell Disease

Nelson McGhee, MD
Vice President
National Association for Sickle Cell Disease
(Dr. McGhee is originally from Hamilton, Georgia)

Dorothea Boswell
Executive Director
National Association for Sickle Cell Disease

ADMINISTRATION PARTICIPANTS

The Honorable Margaret Costanza
Assistant to The President for Public Liaison

The Honorable Martha Mitchell
Special Assistant to The President for Special Projects

Clarice Reid, MD
Chief, Sickle Cell Branch
U.S. Public Health Service
Department of Health, Education and Welfare

FALLOWS TALKING
POINTS

THE WHITE HOUSE

WASHINGTON

September 21, 1977

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS *JFL*
SUBJECT: Sickie Cell Poster Child

Achsah Nesmith has prepared these talking points:

THE DISEASE (for your background information)

1. Sickie cell anemia is a tendency of the red blood cells to become sickie shaped, called "sickling" (normally they are disc-shaped). It is an inherited trait and the disease shows up in varying degrees of severity when the trait is inherited from both parents.

2. A sickie cell crisis comes when the red cells begin to sickie at a significant rate. They become more rigid when sickied and do not travel through the blood stream easily, becoming clogged in the small vessels. This prevents them from going back to the lungs for oxygen and thus reduces or cuts off oxygen to affected areas, causing severe pain.

Occasionally it will be localized, but generally is widespread throughout the body. A crisis normally lasts from a few hours to a few days. What precipitates one is not known, although stress seems to play a part sometimes. Often there is no apparent cause. For some individuals strenuous exercise seems to bring on a crisis although others can take part in active

sports as long as they are well. /Note -- A little girl recently died during a sickle cell crisis repeating the racial slurs that had been made to her during school integration in Chicago. This is a tragic example of the possible relationship between emotional stress which many victims report seems to play a part in precipitating some attacks. Emotional stress can affect the functioning of the cardio-vascular system in a variety of ways. This incident is probably best not mentioned here but has received wide coverage. _7

3. Treatment involves dealing with any infections or contributing conditions, intravenous fluids to prevent dehydration which can prolong an attack, and relief of pain. In a prolonged crisis sometimes exchange transfusions are necessary.

4. The disease symptoms usually show up when a child is between 6 months and two-and-one-half years old as the fetal hemoglobin disappears.

5. Approximately one-third of the deaths caused by sickle cell anemia are among children, most often from infection. The other two-thirds are among adults who generally die as the result of accumulated damage to other organs caused by repeated crises -- from heart, kidney or liver disease. Although the death rate among victims of the disease is known to be higher than average, hard figures on how many deaths are caused by having the disease are not available since the actual

cause of death is usually listed as something else.

6. There is currently no cure. Short of genetic engineering, which is a long way off, there is hopeful research toward developing a drug to prevent the cells from sickling, thus eliminating crises and the cumulative damage to organs.

Another area of research deals with trying to prevent the disappearance of fetal hemoglobin.

7. Sickle cell anemia does not generally limit the educational or occupational potential per se, but victims often have problems in school or in getting or keeping jobs because of absenteeism. They can be all right one day and seriously ill the next.

8. Voluntary screening and diagnosis at birth are useful because sickle cell children are particularly subject to infection and need prompt attention for a crisis or infection. They need constant medical supervision but not constant medication.

[Note -- This is a potential problem area. Efforts in the late sixties to get mass screening have generally been abandoned because of strong opposition among black people. There is a feeling that mandatory screening could result in individuals being treated as genetically inferior because they carry the trait, or be subjected to discrimination concerning marriage, jobs, insurance, etc.]

THE ORGANIZATION

1. The National Association for Sickle Cell Disease Inc. has grown from 14 to 43 member organizations, which provide services to those who have the disease and education about it for laymen and health professionals. NASCD celebrates its fifth anniversary at the annual meeting Oct. 1-3.

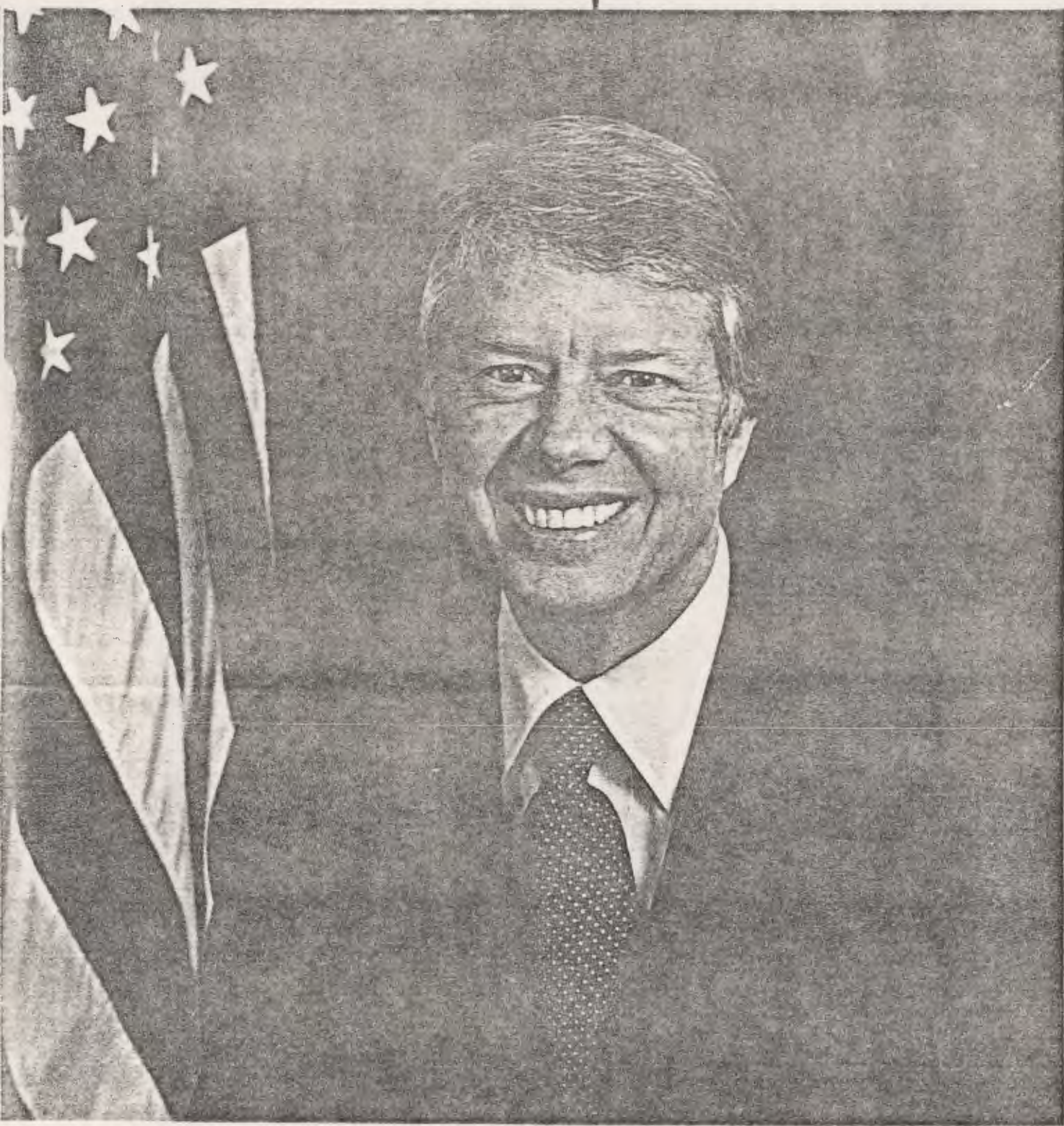
September is National Sickle Cell month. (Your wife spoke to their national convention in Cincinnati last year.)

2. The NASCD is the only national organization established to combat a specific health problem in the black community. One in every 400 black people has the disease, an estimated one in 10 carries the trait (no symptoms). (Although sickle cell trait has been found in people of Mediterranean descent -- Spanish, Greek, Italian and Turkish -- and among American Indians and Puerto Ricans, it is primarily a black health problem.)

THE CHILD

Meno Vardas Gilford, 8, from Tulsa, Oklahoma. He is the only child in his family with the disease, but 8 of 10 children have the trait.

#



Best wishes to
my good friend
Memo

Gilford
Jimmy

Carter

9-23-77

THE WHITE HOUSE
WASHINGTON

9-23-77

To Mr & Mrs Gilford

You have a great
Son!

Jimmy Carter

THE WHITE HOUSE
WASHINGTON

9-23-77

To Mr & Mrs Gilford

You have a great
Son!

Jimmy Carter

THE WHITE HOUSE

WASHINGTON

September 23, 1977

To the OMB Staff

I want all of you to know how proud I am of the work you have done to date on the budget and reorganization.

I have enjoyed and benefited from the close working relationship we have developed. As I have said before, I consider OMB an extension of my personal staff.

You have responsibility for two of my highest priorities -- a balanced budget and an efficient and responsive government. You can be sure that I will stand behind you as you work to achieve these objectives.

Jimmy Carter

to Ham, Sody, Jack,
Frank, Stu, Jack

You should be familiar
with the laws under
which we
operate

MURPHY'S LAWS OF RANDOM PERVERSITY

J.C.

1. Left to themselves, all things go from bad to worse.
2. Anything that can go wrong, will go wrong.
3. If there is a possibility of several things going wrong, the one that will go wrong is the one that will do the most damage.
4. If you play with a thing long enough, you will surely break it.
5. If everything appears to be going well, you have obviously overlooked something.
6. Nature always sides with the hidden flaw.
7. Mother Nature is a Bitch.

cc: Rich Huklison
info + his phone

THE WHITE HOUSE
WASHINGTON

September 23, 1977

Frank Moore

The attached letter was returned
in the President's outbox today.
It is sent to you for delivery to
Senator Williams.

Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Jack Watson
Jim McIntyre
Charles Schultze

RE: AMENDMENTS TO THE AGE DISCRIMINATION
IN EMPLOYMENT ACT

THE PRESIDENT HAS SEEN.

Immediate Action Requested

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
FRANK MOORE *J.M.*
SUBJECT: AMENDMENTS TO THE AGE DISCRIMINATION
IN EMPLOYMENT ACT

Following your meeting with interested Cabinet officers and Charlie Schultze last Monday, we have explored the potential of a request for additional hearings. The Urban League and other civil rights groups will be willing to testify and express some concern about the potential impact of the new legislation on affirmative action. However, they are not eager to do so. Strong pressure from aging groups has produced a split in the Civil Rights' community over this question, and no representatives of minority groups are anxious for a major debate. Much the same view was expressed by women's groups.

In view of this, we are inclined to recommend against requesting that additional hearings be held. (The Senate committee did hold three days of hearings last July, and hearings were also held by Representative Pepper in the House.) *ok*

Instead, we recommend that you send Senator Williams the attached letter which:

- expresses your continued support for the principle of the legislation; *ok*
- expresses strong support for a clear exception where age can be shown to be related to job performance (e.g., secret service and forms of police work); *ok*
- acknowledges that a number of your advisers have expressed concern over the bill's administrative problems for business and possible impact on employment opportunities for women and minorities in certain occupations such as higher education; and *ok*

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--requests delay in implementation to January 1, 1979, rather than the 6 month delay now in the bill, in order to permit Federal Government and other interested parties to evaluate these concerns and submit any appropriate recommendations to Congress.

It appears that this legislation will pass the House and Senate and that we can do little to derail it.

AGENCY COMMENTS

We have solicited comments from interested agency heads on the draft letter.

--Secretaries Marshall and Kreps and Chairman Campbell approve of the letter.

--Secretary Califano approves of it given the likelihood that the bill will pass.

--Secretary Blumenthal continues to oppose the legislation on the merits and recommends that the Administration urge Senator Williams to postpone consideration of the bill until January 1978 so that an objective economic and administrative study can be conducted.

--Chairman Schultze proposes adding a sentence which suggests to the committee that they include language in their report on the bill expressing an intention to hold hearings to receive the studies conducted prior to the effective date. (Such a recommendation might be resented by the committee.)

RECOMMENDATION

_____ Send attached letter. (We recommend, Secretaries Marshall and Kreps and Chairman Campbell concur.)

_____ Amend letter to recommend that the Senate Committee commit itself now to hold hearings during the implementation period. (Charles Schultze recommends.)

_____ Request a delay in Senate Committee action until next year. (Secretary Blumenthal recommends.)

THE WHITE HOUSE

WASHINGTON

To Senator Williams

I understand that you have inquired about my views concerning legislation before the Senate Committee on Human Resources to amend the Age Discrimination in Employment Act, which presently covers persons aged 45 to 60 years, to protect persons up to the age of 70 years.

As you may know, I have long opposed the concept of arbitrary age discrimination. Because of these long-standing views, I support the principle of the proposed amendments. My administration has already testified in favor of legislation which would remove the mandatory retirement ceiling for Federal civil service employees after a careful study of the consequences in this limited area.

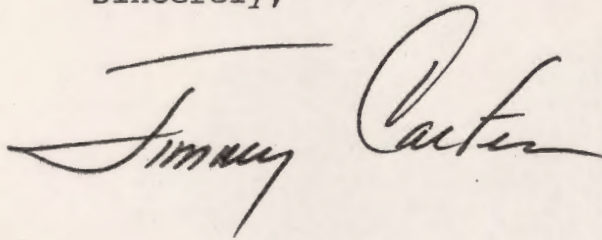
There are two matters which I would urge the committee to consider carefully.

First, I believe it is important that the legislation clearly permit the establishment of a designated retirement age less than age 70 where age has been shown to be an important indicator of job performance. Certain types of law enforcement activities and air traffic control are frequently mentioned as examples.

Second, a number of my advisers have expressed concern that the economic impact of the bill, including impact on employment opportunities for younger persons, women and minorities in certain occupations has not been adequately studied.

If the committee decides to act favorably on the proposed legislation at this time, I would suggest that the effective date be extended to January, 1979 rather than the proposed six months from enactment. This will permit employers and employees to plan for a smooth transition. It will also permit the Federal Government and other interested parties to evaluate the potential impact of the new law and make any appropriate recommendations to the Congress.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Harrison A. Williams
United States Senate
Washington, D.C. 20530

TRANSFER SHEET

Jimmy Carter Library

COLLECTION: Carter Presidential Papers -Staff Offices, Office of
the Staff Sec. - Pres. Handwriting File

Acc. No.: 80-1

The following material was withdrawn from this segment of the collection and
transferred to the ☒ Audiovisual Collection ☐ Museum Collection ☐ Book Collection
☐ Other (Specify):

DESCRIPTION:

8x10" black and white glossy photograph of Carter in front of the
home of the mayor of Manchester, New Hampshire, 1976

Series:Chron.File

Box No.: 55

File Folder Title: 9/23/77 [1]

Transferred by:FOULK

Date of Transfer: 1/2/90



**Electrostatic Copy Made
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United States Senate

WASHINGTON, D.C. 20510

September 22, 1977

MEMORANDUM FOR PRESIDENT CARTER

FROM SENATOR EDWARD M. KENNEDY

POLITICS OF TAX REFORM

I am pleased with most of what I have heard so far about the package. There are many good things in the proposals. They are even bold in a number of major respects. Overall, the package may well be entitled to acclaim as the most progressive set of tax reform proposals ever submitted by any President -- although the point is tempered somewhat by the fact that the modern drive for tax reform began in earnest in 1969, when Secretary of the Treasury Joe Barr made his dramatic announcement in the closing days of the Johnson Administration that a large number of very wealthy Americans paid no Federal income tax. So the principal competition in the forthcoming package is with the two preceding Presidents!

Your package will certainly be the highwater mark of tax reform for the foreseeable future, and I strongly recommend that you make all your decisions accordingly. It will be very difficult to strengthen the package or correct an error later.

Inevitably, the package will be weakened by Congress. But supporters of tax reform in Congress want a package that we can stand behind 100%, not one where we have major reservations about major proposals. If substantial doubt exists about an issue, a decision should be deferred for now, rather than risk a wrong direction.

Normally, the President would accept the recommendations of his Treasury. But the Treasury seems too soft in too many areas, apparently because of concern about business and interest group opposition, and about the reaction of committee chairmen in the House and Senate, neither of whom, if I may speak frankly, has been identified strongly with tax reform.

As I develop in more detail below, the area where I have the most substantial reservations is on integration. As I indicate, I feel strongly about this -- the package takes many major forward steps, but integration would be a large backward step.

DETERMINED TO BE AN ADMINISTRATIVE
MARKING BY *Jay*

DATE

12/28/89

Finally, I look forward to working with you to build support for the package in the early days, to help ward off the interest group opposition that is likely to develop, and to being of as much help as I can when the bill reaches the Senate.

AREAS WHERE THE PACKAGE IS STRONG

Although I am not by any means familiar with all the details of the proposals, I have especially appreciated the opportunity for discussions with yourself, Fritz Mondale, Mike Blumenthal, and Larry Woodworth. You and your advisers deserve congratulations for the progressive proposals likely to be made in the areas of capital gains, tax shelters, the shift from the \$750 personal exemption to a tax credit, the individual and corporate rate cuts, most of the proposals (with the exception of integration) for capital formation, and the repeal of numerous individual and corporate tax loopholes. By not dwelling here on the many satisfactory areas of the package, I do not intend to slight their importance. The issue, perhaps, is whether the package will be simply a good one, or the best one.

OBJECTIONS TO PARTIAL INTEGRATION (MY TOP PRIORITY)

I never thought I would ask a President to abandon integration. But this is not the civil rights-type of integration!

Ending the double taxation of dividends (taxed once to corporations when earned, then taxed again when distributed as dividends) was of course one of your major campaign promises. Most tax reform experts went along then, as did I, because we assumed the referral was to full integration, not partial integration.

-- Full integration would pass all corporate profits through to stockholders, to be taxed at their individual rate. It is theoretically sound, but it is also very complicated and expensive, and no one is pushing it now.

-- Partial integration, as proposed by the Treasury, is very different. In effect, it is tax relief for dividends. It would use the pass-through only for the portion of corporate earnings actually distributed as dividends. When a corporation pays a dividend, it would also send the stockholder a slip stating how much larger the dividend would have been if the corporate tax had not been paid. The stockholder counts the

full dividend as income, and gets a tax credit for the tax paid by the corporation. In effect, the corporation is regarded as "withholding" taxes from the dividends it pays, just as an employer withholds regular income taxes from its employees.

The details of integration are extremely complicated. I understand that it has been a source of confusion and dissatisfaction in many European countries that have adopted it as a form of dividend relief. Proposals in other areas, such as the capital gains reform, will be a major step toward simplification of the tax laws. But integration will produce serious new complexities.

I gather that impartial outside experts are agreed that integration will have no effect on capital formation. Yet this was the original reason for urging integration. Other methods of business tax relief would at least achieve this basic goal --- corporate rate cuts, an expanded investment credit, and even an expanded ADR.

There are also serious objections based on equity. Integration amounts to \$2.5 billion in tax relief for some of the wealthiest persons in the country --- the stockholders of major corporations. It will be a double benefit, since stockholders will already get the benefit of the rate cut from 70% to 50%. Now, they'll get integration as additional tax relief.

At the present time, two-thirds of the dividends go to taxpayers in the wealthiest 10% of the population. In fact, many extremely wealthy taxpayers may wind up receiving large refunds from the Treasury. A French scandal occurred a few years ago when integration was adopted --- the Finance Minister was forced to resign when it was revealed he was getting a tax refund in spite of his large income.

If this additional amount of tax relief is to be given to business, I would urge that it be provided in a simple way that promotes capital formation --- by a larger corporate rate cut, for example. The package now proposes a modest cut from 48% to 46%. Surely, the vast majority of the business community would be happier with a 44% rate, than with a 46% rate plus integration.

To be sure, integration seems to be favorable by the financial community. It will make stocks more attractive initially, and it is likely to send the stock market up. Corporations will tend to finance their operations by using stock(equity financing), not bonds(debt financing). But, integration is little more than a "windfall for Wall Street." The stock market is more likely to rise by attaining a sound economy, rather than by providing tax gimmicks.

There is not much support for integration in the business community(as opposed to the financial community). I find businessmen divided. They are not sure of the impact of integration, and they are worried about the pressure it may induce to pay more dividends. They fear that stockholders will want the tax relief that integration offers.

In fact, if corporations are obliged to increase their dividends, total investment may go down --- it is more likely that corporations will invest their retained earnings, than that stockholders will invest their extra dividends. If so, capital formation will actually be impaired by integration. The proposal may be an especially serious problem for companies that currently pay no dividends.

The attitude of the business community is also complicated by the fact that many high-salaried executives will have a clear personal stake in integration, because of the extra tax relief it offers for the large dividends they currently receive.

The above arguments have convinced me that integration flunks the basic tax reform tests of fairness, simplicity, and efficiency. If the Treasury were not pushing for integration, it would fall of its own weight, because it has so little outside support. I am particularly concerned that the Council of Economic Advisers has compromised too soon with the Treasury on integration, in order to obtain the larger investment tax credit the Council wants.

In sum, integration will be a source of continuing liberal opposition if it stays in the package. The danger is that it may change the whole tone of the reform debate, with serious attacks coming from all sides.

Personally, I would be prepared to put aside my reservations as to other areas where the package could also be stronger, and work enthusiastically to support the package if integration is excluded.

OTHER TAX REFORM ISSUES

1. Larger Rate Cut for Lower Income Groups ---

The Treasury plans to reduce the rates from the current 14-70% range to 12-50%. That's skewed too much toward upper brackets, and is not fair enough for the lower brackets. The package should go to 10%, or else the 50% top bracket should be higher.

10-50
agree

2. No Inflation Adjustment for Capital Gains ---

Under the Treasury proposal, assets held over ten years would be indexed for inflation. This is unfair to those with savings accounts --- their assets have also been eroded by inflation. Holders of capital assets already get a substantial tax break (an interest free loan) --- they don't pay tax on their capital gains each year, as other savers do, but only when they sell their assets.

agree

3. Taxation of Capital Gains at Death ---

This is tentatively in the package in a satisfactory form and it is important to keep it in. Wealthy families who never sell their stock are already getting a large tax break by the reduction in rates to 50%.

retain

4. Minimum Tax --- If there are holes in the package,

the minimum tax should be made watertight. Key additions to the list of tax preferences subject to the minimum tax should be: ADR; drop the 50% deduction for taxes paid; the new timber tax break contemplated; and interest from tax-exempt bonds.

strengthen

5. Percentage Depletion and Intangible Drilling Costs ---

Depletion should be phased out, both for oil and gas and also for all other minerals; the Treasury may not touch oil and gas, and is planning too long a phase out (ten years) for other minerals. Intangible drilling costs should be required to be capitalized and depreciated, not deducted 100% in the year the costs are incurred; at the very least, this major oil loophole should be restricted to exploratory wells, not development wells.

6. Deferral of Tax on Income of Foreign Subsidiaries ---
The Treasury is recommending retention of this tax preference, but you should uphold this campaign promise and abolish this incentive for US jobs and capital to go overseas. *agree abolish*

7. DISC --- The package will repeal this loophole for exports. The issue is whether to recapture taxes already deferred since 1971 under present law. General Electric is the biggest user of DISC and is opposed to such recapture. The package should be strengthened to provide for recapture over a reasonable future time period. *agree*

Parenthetically, if I may keep speaking frankly, I am concerned over reports that DISC recapture may be omitted from the package in return for GE support of partial integration.

8. Expense Account Living --- Your instincts are excellent here, but the Treasury wants to crack down only on yachts, hunting lodges and club dues. There are four areas where the package is too weak:

--- Sports and Theater Tickets --- deny the deduction.

--- Meals --- deny any deduction; if a compromise is needed, deny 50% of the cost. *agree*

--- First Class Air Fare --- deny the deduction; put strict limits on corporate jets.

--- Hotels --- limit to the per diem for the geographic area.

9. Taxable Bond Option --- The Treasury may propose a 35% subsidy level, rising to 40% in a few years. If the option is to be meaningful, the level should be set at 40% at the outset. *?*

10. Mortgage and Investment Interest --- the current proposal is for two separate limits on interest deductions --- \$10,000 for mortgage interest (equal to a home mortgage of about \$125,000) and \$10,000 for investment interest. I would urge a single overall limit of \$10,000, or lower limits on each if they remain separate. *agree*

11. Interest on Life Insurance Savings ---

Under current law, interest on life insurance policies is used to reduce the level of the premiums. The interest is tax exempt. The Treasury is reluctant to close this loophole, because it fears the opposition of the industry. But there is no justification for the loophole, which discriminates in favor of life insurance savings and against other methods of savings.

*Tax
free*

12. Investment Credit --- The package will raise the credit from 10% to 13%, then phase it back down to 10% after a few years. Both Senator Long and I believe that the existing tax credit should be made "refundable" --- that is, if the credit to which the taxpayer is entitled is larger than the amount of taxes he owes, he should receive a refund from the Treasury for the difference.

?

50-90% → refundable

The Treasury will also let the credit be used to offset 90% of taxes, not just 50% as under current law. But the proposal will not help firms which owe no taxes under current law. Firms in this category include many small businesses, new businesses, rapidly growing businesses, and businesses hurt by the recent recession.

The investment credit is no less of a Federal subsidy because it is run through the tax laws. The existing credit offers a 10% Federal subsidy for the purchase of equipment and machinery. The same subsidy could be provided by the Department of Commerce -- if so, however, no one would argue that the subsidy should be denied to firms who do not pay income taxes.

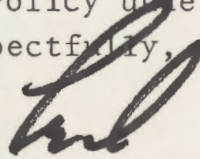
In fact, by refusing to make the credit refundable, the tax laws discriminate against many firms by disqualifying them from the subsidy. These firms will be subject to even greater discrimination if the level of the credit goes to 13%. Why should General Motors be able to pay only \$87 for a \$100 machine, when American Motors has to pay the full \$100?

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MEETING WITH STANLEY SURREY

I would urge you to hear Professor Stanley Surrey of Harvard Law School personally on these and other critical issues, before reaching the final decision. A great deal is at stake, and tax reform is so complex that the usual decision-making process is especially vulnerable to wrong decisions. Professor Surrey served for eight years as Assistant Secretary of the Treasury for Tax Policy under Jack and LBJ.

Respectfully,



Edward M. Kennedy

Attachment: Key Senate Tax Reform Amendments (1976-1977)